



Health Care Basics 2015

Northern Arizona Public Employees Benefit Trust (NAPEBT)

Health Care Basics



Today's Presentation

- Trends
- NAPEBT
- Self-Funded vs. Fully Insured Plans
- Medical Plans
- Picking a Plan
- Cafeteria Plan and Mid-Year Changes
- Health Care Accounts
- NAPEBT Wellness Program
- Blue Cross and Caremark

What is Happening with Healthcare in the U.S.?



- Healthcare cost trend (the projected increase in the cost of medical services) has outstripped general inflation for years.
 - Trend is driven by changes in the price of medical services and by the number of services used.
- Employers who offer health care benefits are facing continual pressure to control rising healthcare costs.
- Through all this, your employer and NAPEBT are working hard to continue to offer comprehensive health care benefits to employees and their dependents.

Rising Health Care Costs



- 2015 Healthcare Inflation:
 - Cost of medical coverage projected to rise 8%
 - Cost of prescription drug coverage projected to rise 13-15%
- Factors affecting inflation include our aging population that gets sicker with age, new expensive medical treatments, new expensive drug options, more people living with chronic conditions, use of expensive new technology like robotic surgery, etc.

NAPEBT's Philosophy



The Northern Arizona Public Employers Benefit Trust serves those who serve the public.

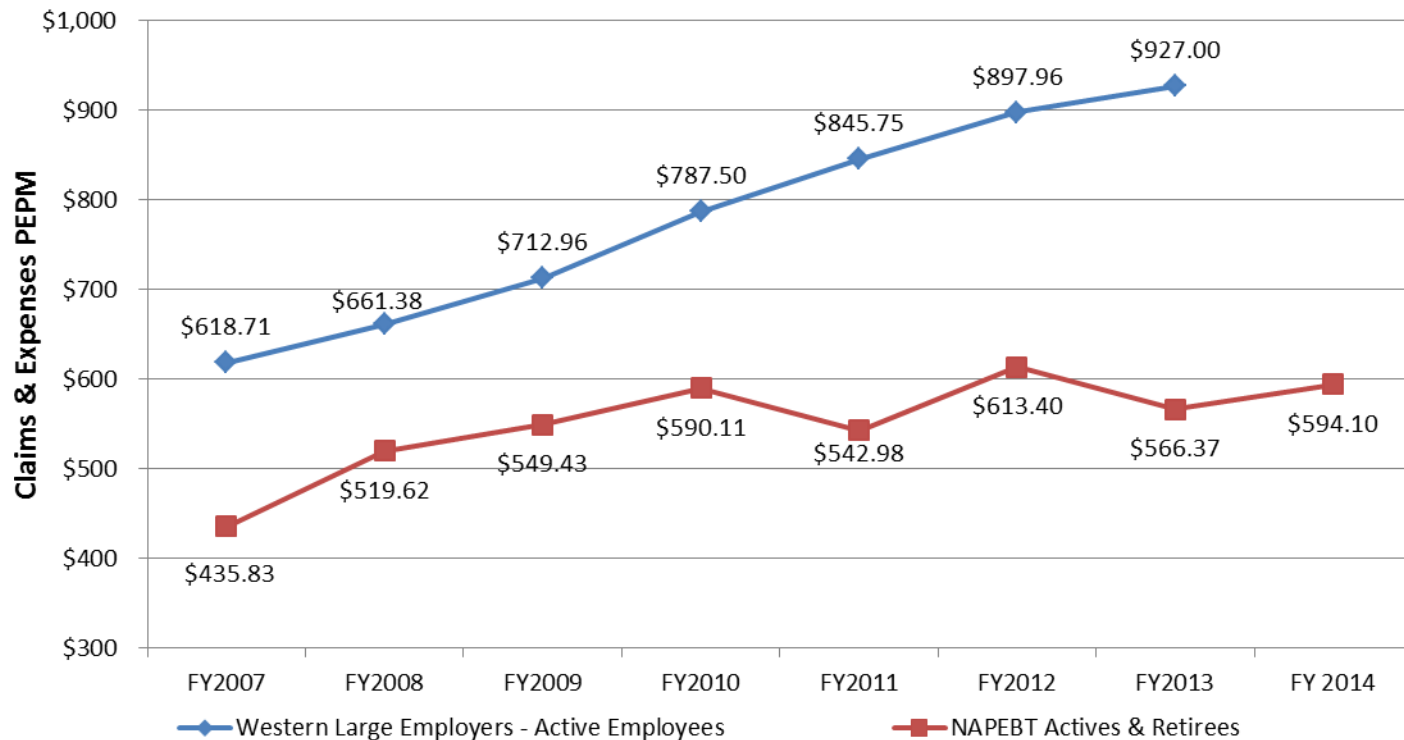
NAPEBT was formed in 1993 to provide a comprehensive and cost effective benefits package for employees and their family, by combining multiple public employers to leverage the buying power of a large group. And it worked!

- Purchasing benefits through NAPEBT has increased the ability of its participating employers to sustain a better benefits package for the long-term than any of these public employers could have provided independently.
- The six public employers offering benefits through NAPEBT include:
 - City of Flagstaff
 - Coconino Community College
 - Coconino County
 - Coconino County Accommodation School District
 - Flagstaff Unified School District
 - NAIPTA

NAPEBT's Trends

Healthcare cost trend is defined as the change in the cost of healthcare.

NAPEBT VS. WEST REGION LARGE EMPLOYERS



West Region Large Employer data from Mercer National Survey of Employer-Sponsored Health Plans 2013 Survey Tables. Total gross annual costs (claims cost and administrative cost) for medical plan only, for active employees and dependents, divided by the number of active covered employees. Includes employee contributions (payroll deductions), if any, but not employee out-of-pocket expenses such as deductibles and copays. **Beginning in 2011, prescription drug benefits were included whether provided through the plan or carved-out. Prior to 2011, costs for carve-out prescription drug plans were not included.** Dental benefits, even if a part of the plan, are not included in these costs. Calendar year results were averaged for display on NAPEBT's fiscal year basis.

Self-Funded/Self-Insured

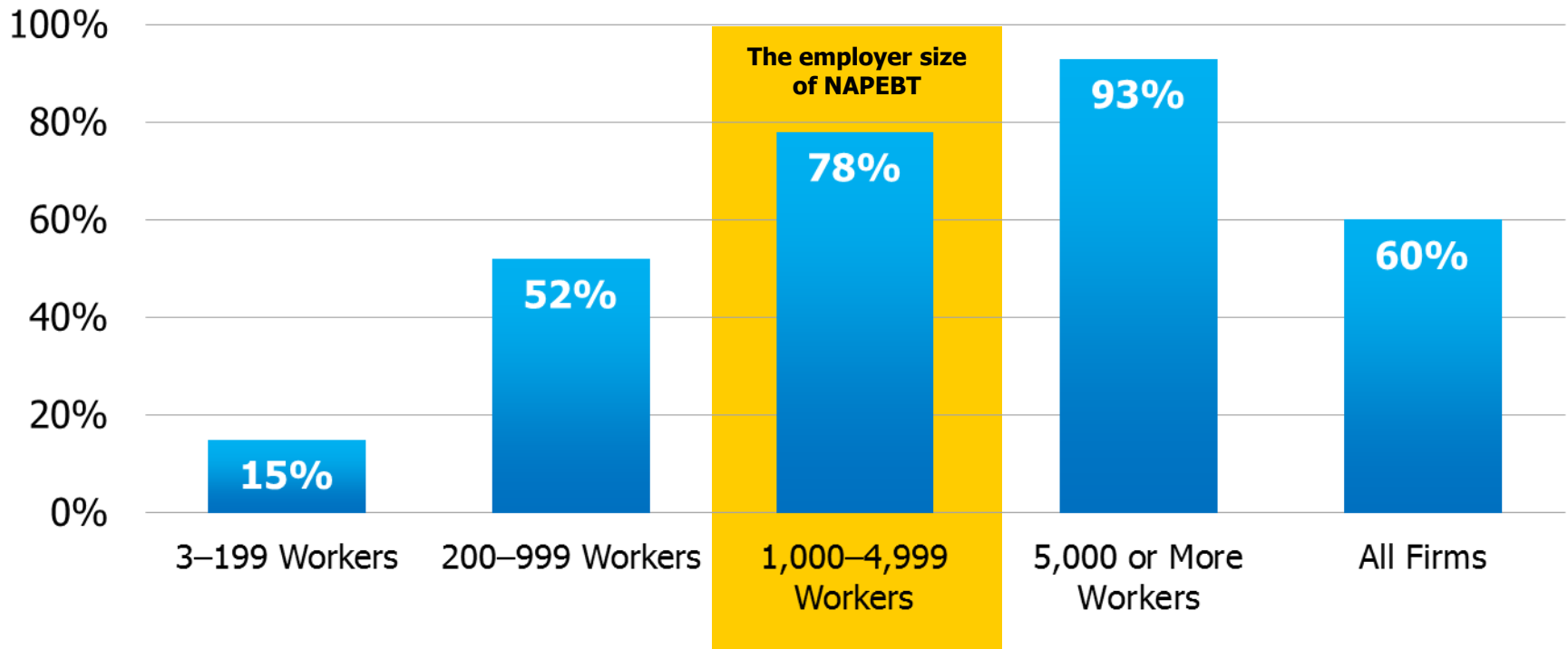


- **Self-funded (also called self-insured)** is an arrangement in which the Plan Sponsor (in our case, the employers that participate in NAPEBT) assumes financial responsibility for the cost of claims (the medical plans and drug benefits that NAPEBT offers are self-funded).
- NAPEBT has purchased stop loss protection coverage to protect the plan against large claims through Blue Cross Blue Shield of Arizona.
- **Fully insured** is an arrangement where an insurance company assumes responsibility for the cost of claims (the dental and vision plans NAPEBT offers are fully insured).
- Plan Sponsors with self-funded benefit plans typically contract with various vendors to help administer those plans. For example, for our NAPEBT medical plan we contract with:
 - Blue Cross Blue Shield of Arizona to obtain network provider discounts for you, to perform precertification review, and to process medical plan claims
 - Caremark to obtain discounts on outpatient retail and mail order drugs for you and they also process drug claims

Who Typically Self-Funds?

- Three in five U.S. covered workers are in some type of self-funded plan.
- The larger the employer, the more likely it is to self-fund benefit plans.

PERCENTAGE OF COVERED WORKERS IN SELF-FUNDED PLANS*, BY FIRM SIZE



* Partially or completely self-funded plans

Source: Kaiser/HRET 2012 Survey of Employer-Sponsored Health Benefits, www.kff.org.

NAPEBT Medical Plans Use Preferred Provider Organization (PPO) Networks and Include Various Plan Designs

All three medical plans (Base, Buy-up and High Deductible Health Plan (HDHP)) have a deductible amount that you pay before the Plan begins to pay most benefits, all plans include access to the same PPO network with BCBSAZ (where in-network providers offer discounted services to NAPEBT members).

- In addition to the contribution amount, what is different about the 3 medical plans is the cost-sharing design, meaning the amount of the deductibles, copayment and coinsurance you pay as well as the annual out-of-pocket limit. You can select the cost-sharing design that best fits your needs.
- What makes the HDHP plan unique is that it is combined with a Health Savings Account (HSA). Eligible employees and their employer can contribute money to the HSA with pre-tax dollars up to the IRS maximum amount each year (2015 = Individual: \$3,350 and Family: \$6,650).
 - HSA contributions are deposited into an HSA account that you own and unused money in the account rolls over from year to year.

How Base and Buy-Up Plans Work



**Employer plus
Employee contribute
toward the annual
premium**



**NAPEBT Trust
Pays for Medical
Plan Expenses**

How the HDHP with HSA Plan Works



**Employer plus Employee
contribute toward the
annual premium**



**NAPEBT Trust Pays for
Medical Plan Expenses**



**HSA is Your Money,
Keep What You
Don't Spend**

**Employer plus Employee
contribute to the Health
Savings Account**

High Deductible Health Plan (HDHP) with Health Savings Account (HSA)

The IRS requires that a High Deductible Health Plan that is paired with an HSA have a specific cost-sharing design (the HDHP must be an HSA-qualified HDHP). That means that the annual Deductible and Out-of-Pocket Limit must match the IRS mandated requirements, which are adjusted annually. For instance, in 2015 the IRS requires of all HSA-qualified HDHPs:

	IRS Required Amounts	Our NAPEBT HDHP Plan (In- Network)
Minimum Annual Deductible	\$1,300 per person \$2,600 per family	\$1,500 per person \$3,000 per family
Maximum Out-of-Pocket Limit	\$6,450 per person \$12,900 per family	\$4,500 per person \$9,000 per family

Under the HDHP plan you must pay all expenses up to the annual deductible amount (including office visits, emergency room, hospitalization, prescription drugs, etc.) before the Plan is permitted to pay toward any benefits. Once you have met the annual out-of-pocket limit, the Plan pays 100% of covered expenses. Preventive care is paid at 100%, no deductible applies.

Who is not eligible to contribute to an HSA?



By law, you are not eligible for HSA contributions if you:

- ✓ are enrolled in Medicare
- ✓ are covered by another health care plan that is not a qualified high deductible health plan (HDHP)
- ✓ can be claimed as a dependent on someone else's tax return
- ✓ are enrolled in a general purpose Health Care Flexible Spending Account (or covered by a spouse's general purpose FSA) or able to use a Health Reimbursement Account (HRA)
- ✓ are covered by Medicaid (AHCCCS in Arizona) or TRICARE
- ✓ are covered by the VA or one of their facilities, including prescription drugs, or covered by Indian Health Services (IHS) benefits and have used VA or IHS medical services within the previous 3 months

How Do I Pick the Right Medical Plan?

Because the 3 medical plans offered by NAPEBT use the same network of providers and cover the same array of medical benefits, your primary consideration in selecting between the NAPEBT medical plans comes down to:

- A.** The monthly/annual contribution you pay for health care coverage; and
- B.** The amount of out-of-pocket costs you expect to have in the coming year
 - For instance, if you and your family are healthy and do not anticipate needing health care in the next year, except for preventive services like mammogram, immunizations, colonoscopy screening, you might look for a low cost premium plan, like the HDHP plan or Base plan.
 - If you want a tax-free savings account then consider the High Deductible Health Plan which allows you and your employer to contribute money to a Health Savings Account.
 - If you or your family anticipate needing more than preventive services in the next year and you do not have the money saved to pay the deductible in the HDHP, you may want to consider a plan that offers the lowest out-of-pocket costs (deductibles, coinsurance, copays and out-of-pocket limits) in light of the fact that you know you'll be submitting claims during the plan year, such as the Buy Up plan.

How Do I Pick the Right Plan for Me and My Family?



- If you may become eligible for Medicare during the new plan year you will probably not want to select the HDHP since, as you have learned, individuals covered by Medicare cannot have contributions made to their HSA
- Other considerations you may want to think about,
 - Should you enroll in a NAPEBT medical plan or enroll in your Spouse's medical plan?
 - Do you or your family qualify for Medicaid instead of electing group coverage?
 - The Affordable Care Act requires all citizens to maintain qualified health coverage. Enrolling in the NAPEBT plans satisfies this requirement.

Be a SMART consumer😊



You can help keep your annual out-of-pocket costs down by:

- Using network providers...they offer a substantial discount on services
- Using less expensive generic drugs, rather than brand-name drugs
- Using the mail-order drug program, rather than retail
- For sudden illnesses, going to your doctor's office or urgent care facility rather than the emergency room (your condition permitting)
 - Know ahead of time:
 - Office hours of your doctor
 - Nearby locations and hours of operation for Urgent Care Facilities
 - Which conditions merit a visit to the Emergency Room
- Remembering that Preventive care is less costly than treating an illness, so:
 - Work to eliminate your health risk factors that will eventually cause illness, like tobacco use, elevated blood pressure, excessive weight, elevated cholesterol, stress, lack of exercise. Use our NAPEBT Wellness program and its wellness incentives.
 - Take advantage of your NAPEBT medical plan's free preventive services when you use in-network providers

Be a SMART consumer😊

■ Use the Clinic!!

- Opening Monday, November 16, 2015.
 - 1500 E. Cedar Avenue, Suite 80
 - (928) 774-3985
 - flagstaff@verawholehealth.com
 - Hours
 - Mon 6am – 5pm, Tues - Thurs 9am – 7pm, Fri 7am – 4pm, Sat 8am - 1pm
- Preventative Care
- Primary Care
- Acute Care
- Who is Eligible to use the clinic? Employees, Spouses & Dependents (age 3 and up) who are covered on the NAPEBT plan.
- Cost

	Base/Buy-Up	HDHP
Preventive	\$0	\$0
Health Coaching	\$0	\$0
Vera-dispensed Meds (first time)	\$0	\$0
Acute care (sick or hurt) first time	\$0	\$75
Acute care (sick or hurt) established patient	\$0	\$50

Mid-Year Changes to Benefits



- One of the advantages of purchasing health benefits through an employer is that IF the employer sets up a Cafeteria Plan, many of the benefits the employer offers may not be subject to taxes.
- Each of the employers that participate in NAPEBT have set up a Cafeteria Plan to allow their employees to reduce their salary by the benefits they elect (commonly called pre-taxing benefits). The use of a Cafeteria Plan has pros and cons...but mostly pros.
- **Pros:** Not paying tax on the benefits you elect means the **employee takes home more money** in their paycheck because **employees do not pay federal income tax, FICA tax, and state/local income taxes on their salary reduction amounts**. And, employers do not pay FICA or FUTA taxes on salary reduction amounts.
- **Cons:** The IRS has strict rules about the pre-taxing of benefits including that:
 - benefits elected under a pre-tax arrangement **must remain in place for the entire plan year**.
 - **mid-year changes to benefit elections are permitted by the IRS, BUT ONLY for certain reasons and under certain conditions**. So as much as an employee and employer might want to make a benefit change in the middle of a plan year, they are prohibited if that change is not an IRS permitted mid-year change. Benefit changes can be made at open enrollment time.

Mid-Year Changes to Benefits

After the initial enrollment or open enrollment period is completed, generally you **will not** be allowed to change your benefit elections or add/delete dependents until next years' open enrollment period, unless you have a "Mid-Year Change Event." **Mid-Year Change Event includes these kinds of events:**

- Special Enrollment situations that include the opportunity to add yourself or a dependent because of marriage, birth, adoption, or loss of other group coverage (like adding a spouse because they lost coverage under their employer's plan)
- Dependent is no longer eligible for coverage due to reaching a certain age, divorce, or death
- Change in employee/spouse/dependent's employment status or work schedule, that affects their eligibility for benefits
- Coverage of a child due to a qualified medical child support order (QMCSO)
- Entitlement to or loss of entitlement to Medicare or Medicaid
- Certain changes in the cost of coverage, composition of coverage or curtailment of coverage of the employee or spouse's plan

Certain other events are not IRS permitted mid-year change events, like having a personal financial hardship and wanting to change plans or drop benefits in the middle of the year.

Mid-Year Changes to Benefits

While your employer wants to be understanding and flexible to your needs and desires, sometimes IRS rules get in the way of that goal. For instance, the **IRS has rules about mid-year changes:**

- The request for a mid-year change must fit the IRS definition of **permissible mid-year change** event (as explained on the prior slide)
- Mid-year change events must meet the IRS “consistency rule,” which means the event must affect eligibility, and the requested plan change must be consistent with the way eligibility has been affected. The requested benefit change must link to the mid-year change event.
 - A mid-year change satisfies the consistency requirement if the election change is **on account of and corresponds with** a change in status that affects eligibility for coverage under an employer's plan.
 - For example, if an employee has a new baby, the employee may add the new baby to the health plan (that’s consistent) but it would be inconsistent to drop the spouse from coverage under the plan on account of the new birth.
- Part of the consistency rule impacts **how long you have to request a change.** Generally if a mid-year change is requested within 30 or 31 days of the event, the change will be considered to be “on account of and correspond with” the mid-year change. This is why under our NAPEBT plan, we can only accept permissible mid-year changes that occur within 31 days of the event. Mid-year changes requested outside this 31-day period are not considered to be “on account of and correspond with” the event.

Health Care Flexible Spending Account (HCFSA)



A **Health Care Flexible Spending Account or HCFSA** is a way for you to set aside money before taxes are applied, to reimburse yourself for certain out-of-pocket costs you have during the plan year.

- Out-of-pocket costs can include the deductibles, copayments and coinsurance you pay toward the health care you need.
- You select the amount of money you want to contribute to your FSA during the year (not to exceed **\$2,550**) and the money is deducted from your paycheck before taxes are taken (it's pre-tax), lowering your taxable income.
- During the year when you incur eligible expenses, you submit them to the HCFSA administrator for reimbursement, or you can use your HCFSA debit card.
- Unlike an HSA where any unused money rolls over from year to year, in a HCFSA, you should use up the money in your HCFSA each year because if you do not, you **lose it**.
- Unlike an HSA account that you own and can take the balance with you when you change employers, unused money in the HCFSA is returned to the employer (if you do not elect COBRA to help you use up the balance in that HCFSA).

Health Care Flexible Spending Account (HCFSA)



Our plan offers two types of HCFSA's; a general purpose HCFSA and a limited purpose HCFSA

- The **general purpose HCFSA** reimburses eligible medical, preventive care, drugs prescribed by a physician, dental, and vision expenses
- The **limited purpose HCFSA** reimburses ONLY eligible dental, vision and preventive care expenses
 - Employees can elect the HDHP with an HSA with or without a limited purpose Health Care Flexible Spending Account (HCFSA). The limited purpose HCFSA means that you can be reimbursed for qualified dental, vision and preventive care services only....but not medical expenses
 - If an employee elects the HDHP and they would like to contribute to a HCFSA, it must be the LIMITED purpose HCFSA, even if they are not contributing to an HSA.
 - Employees can elect a standard (non-HDHP) medical plan (like the Base Plan or Buy-Up Plan) with or without a general purpose HCFSA (no employer contribution, employee contributions only)

NAPEBT

Wellness Incentive Program July 2015 - May 2016

You must complete your points by May 31st, 2016 to earn the incentives.
Contact the Wellness Program Manager if an alternative is needed: kwittekind@fusd1.org, 928-527-6189.

You Don't Have To Complete All Three Levels! Complete More Levels To Get More Incentives!

Levels	Total Points	Incentive	Notes
Level One Health Risk Assessment & Biometric Screening	7 Points	\$120/yr Discount	This incentive is given as a discount on your monthly medical insurance rate. Your biometric screening results are required to complete the HRA. Completed once per year.
Level Two Earn an additional 8 pts however you choose	8 Points	\$120/yr Discount	Complete Levels One & Two for a total discount of \$240/yr on your monthly medical insurance rate.
Level Three Earn an additional 10 pts however you choose	10 Points	\$120/yr Cash Incentive	Add to your paycheck, which is taxable. Add to your HSA, FSA which is tax free.
Total	25 Total Points	\$360/yr Incentive	\$240 discount on your medical plus a \$120 cash incentive.

Local Activities Worth Points	Total Points
Classes & Events: Lunch & Learns, NAPEBT Wellness Classes, Healthy Food Baskets (2 Max), NAPEBT Health Fair, Community Walk/Race/Run, Education Films (<i>Food Matters</i> , <i>Forks Over Knives</i> , <i>Food Inc.</i> , <i>Hungry For Change</i> , <i>Fat Sick and Nearly Dead</i>)	1 Point Each <i>14 pts Max</i>
Physical Activity Programs: Physical Activity Tracking. By being physically active for 360 minutes you will earn 1 point. That breaks down to 30mins of activity for 12 days/month. You Can Do It!	1 Pt/360 Mins <i>11 pts Max</i>
Preventative Screenings: Annual Exam, Well Woman/Well Man, Dental Cleaning (2 Max), Vision Exam, Mammogram/Prostate Exam, Colonoscopy, Skin/Bone Screening, Flu Vaccine, Pneumococcal Vaccine, Disease Management Check Ups.	4 Points Each <i>20 pts Max</i>
Health Coaching Programs: 6 Week Fitness & Nutrition Class, Weight Watchers, 6 Week Disease Management Class, 10 Week Living Lean Class	6 Points Each <i>12 pts Max</i>

Online Programs Worth Points	Total Points
15 Minute Online Seminars/Online Conversations: Choose a health related topic and learn more.	1 Point Each <i>10 pts Max</i>
Online Wellness Challenges: TBD	4 Points Each <i>16 pts Max</i>
Health Coaching: Both online and telephonic coaching is available.	6 Points <i>6 pts Max</i>

For more details on the activities worth points visit the website:
www.northernarizonawellnessincentiveprogram.com

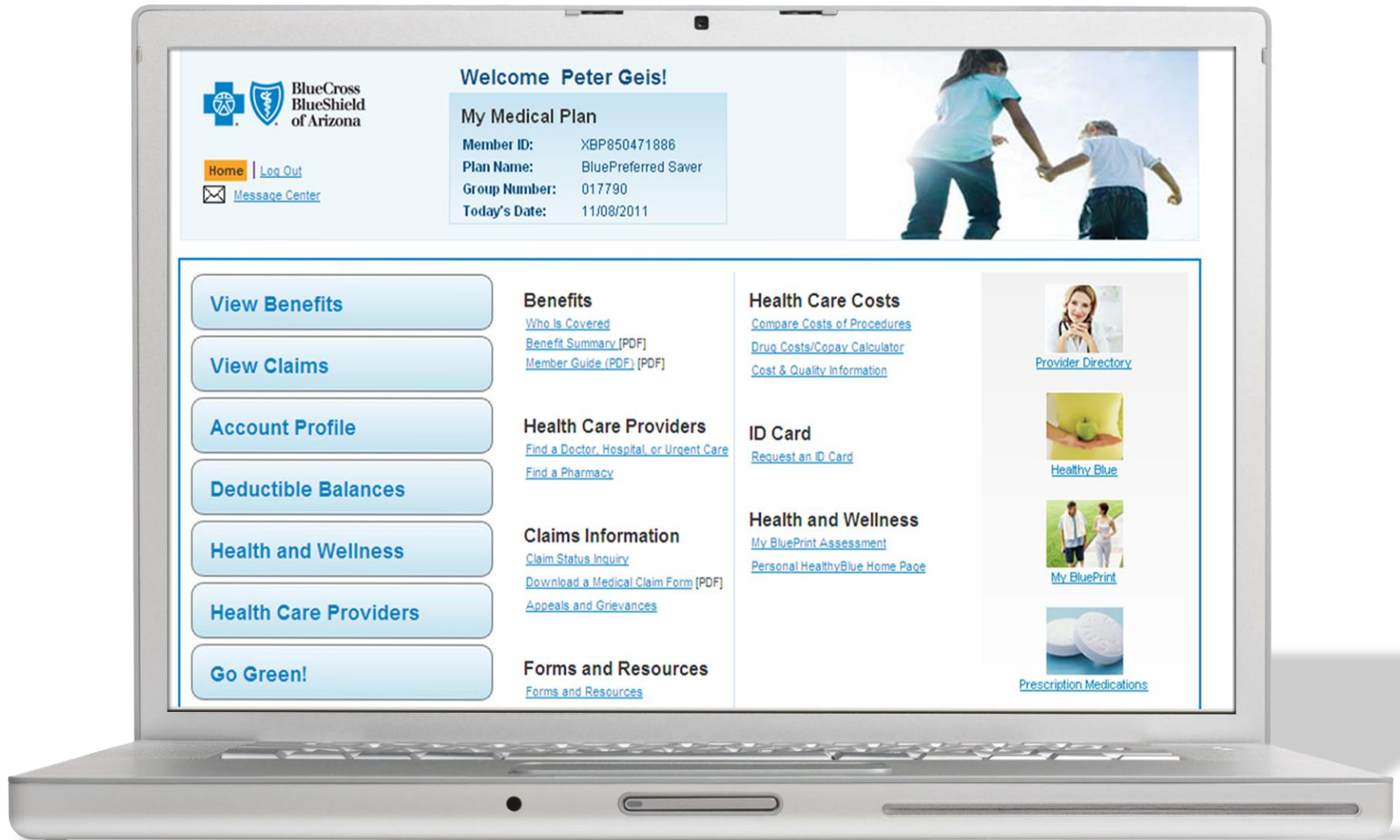
Coverage Across the Country and Around the World

The BlueCard® Program lets you take your health care coverage with you.

- Both nationwide and worldwide: 96.5% of hospitals, 93% of PCPs and 91% of specialists in the U.S. contract with a Blue Cross Blue Shield plan—more than any other insurer.¹

¹ Blue Cross Blue Shield Association, <http://www.bcbs.com>

Member Portal (BlueNet)



Cost Comparison Online Tool

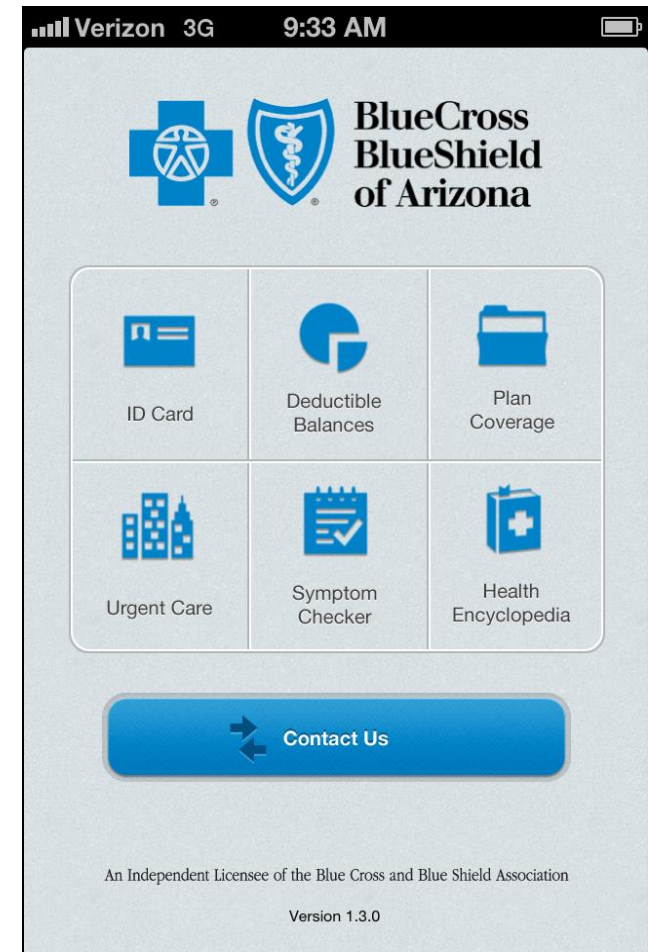
- Helps you make the right choice when it comes to your care and your health care dollars.
- Compare costs for common procedures.
 - It's common for different providers to charge different fees for the same procedure. Having a clear understanding of the estimated costs for common procedures can help you better plan for your out-of-pocket expenses.
- Gives you access to price ranges for many common health care services.
- Includes specialties including radiology, orthopedics, obstetrics, and general surgery.

Connect With Us On Your SmartPhone!

Current Features:

- My ID Card
- Deductible Balances
- Plan Coverage
- Urgent Care
- Symptom Checker
- Healthy Encyclopedia
- Contact Us

BCBSAZ will continue to integrate technologies that make it easier for members to access and understand their health benefit plan.



HealthyBlue Programs for Any Health Stage or Condition



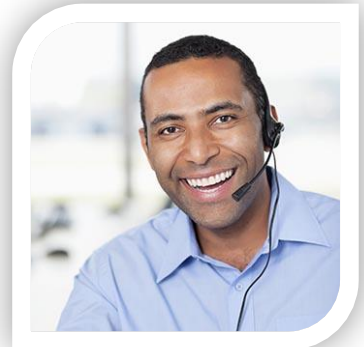
- **Healthy Living Programs:** step-by-step action items tailored to your specific needs
- **Health Coaching:** online or phone and one-on-one health support



- **Condition Management:** dedicated staff to help manage diabetes, asthma, COPD, heart disease, arthritis, or depression
- **Care Management:** experts to guide you through the health care system and your plan benefits



- **Nurse On Call:** get answers to your medical questions by phone or email, 24/7



If You are Expecting, Expect Great Care with HealthyBlue Beginnings

Expecting mother will receive (at no charge)

- Preconception education, counseling and free pregnancy test
- Maternity nurse toll-free phone support, 24/7
- Access to maternity website at azblue.com/healthyblue
- Dedicated maternity nurse for high risk care
- Support line available until your baby is six weeks old
- A comprehensive book to guide you through your pregnancy
- \$100 gift card to Babies R Us® if you enroll by the 16th week of your pregnancy **and** you complete the final outcomes assessment in the program




Health Discounts Through Blue365

Savings on fitness equipment, healthy eating, personal care, services and more



And, each week, you'll get an email
with the *deal of the week!*

Caremark Resources



Download the CVS/caremark Mobile App



Believe how easy it is!
THOUSANDS
of users are already
managing on the go!

Just about everything you need for
managing your medicine can be
done from our mobile app. One
quick download is all it will take to
make this the go-to app on your phone.

Pre Sign-in Features:

- EASY REFILL – SCAN YOUR RX**
Refill by simply scanning the
barcode on your mail Rx label –
anywhere, anytime.
- PILL IDENTIFIER**
Quickly identify your pills by entering
the imprint, color or shape.
- DRUG INTERACTIONS**
Quickly identify unwanted interactions
with a simple scan.

DOWNLOAD NOW, IT'S FREE!




Visit [iTunes App Store](#) or [Google Play](#) Or go to www.caremark.com/mymobile.


Please note that our mobile app requires iOS6 and above.


Sign-in Features:

- FIND A PHARMACY**
- REVIEW ORDERS & HISTORY**
- CHECK DRUG COSTS**
- VIEW PRESCRIPTION ID CARD**



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Thank you!

